

**SOUTH CAROLINA
HOUSE OF REPRESENTATIVES
COLUMBIA, SOUTH CAROLINA
STATE AUDITOR'S REPORT
JUNE 30, 2020**



Independent Accountant's Report on Applying Agreed-Upon Procedures

May 27, 2021

Mr. Charles F. Reid, Clerk of the House
and
Members of the South Carolina House of Representatives
State of South Carolina
Columbia, South Carolina

We have performed the procedures described in Attachment 1 on the systems, processes and behaviors related to financial activity of the South Carolina House of Representatives (the House) for the fiscal year ended June 30, 2020. The House's management is responsible for the systems, processes and behaviors related to financial activity.

The House's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the systems, processes and behaviors related to financial activity. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by the House to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the House for the year ended June 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the House's management. Management of the House has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to non-payroll cash disbursements transactions.
- Errors of less than \$1,000 related to reporting packages.

We are required to be independent of the House and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the management of the House, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George L. Kennedy, III, CPA
State Auditor

**South Carolina Office of the State Auditor
Agreed - Upon Procedures Related to the South Carolina House of Representatives (A05)**

Cash Disbursements/Non-payroll Expenditures

1. Haphazardly select fifteen non-payroll disbursements and inspect supporting documentation to determine:
 - The transaction is properly completed as required by House procedures and invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
 - All supporting documents and approvals required by House procedures are present and agree with the invoice.
 - The transaction is an expenditure of the House.
 - The transaction is properly classified in the general ledger.
 - Disbursements are recorded in the proper fiscal year.
 - Clerical accuracy and that proper sales tax has been calculated.
2. Haphazardly select five purchasing card transactions from the Office of the State Comptroller General's (CG) listing of purchasing card transactions for fiscal year 2020 and inspect supporting documentation to determine:
 - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with House policies.
 - The purchase is authorized based on the cardholder's job title/position.
 - The monthly purchase summary was submitted along with applicable receipts and signed by both the supervisor and cardholder.
 - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.

We found no exceptions as a result of these procedures.

Payroll

3. Haphazardly select five Representatives and inspect supporting documentation during the fiscal year to:
 - Agree taxable subsistence pay to appropriate rate and Representative's period session dates and confirm that the Representative received \$1,000 in-district expense for one haphazardly selected month.
 - Confirm that the Representative (if not retired from the General Assembly Retirement System) was paid \$10,400 during the fiscal year.
4. Haphazardly select five employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the House's policies and procedures and that the employee's last paycheck was properly calculated.

We found no exceptions as a result of these procedures.

Journal Entries

5. Haphazardly select five journal entries for the fiscal year and:
 - Trace postings to the general ledger and supporting documentation.
 - Determine transaction is properly approved.
 - Inspect supporting documentation to determine the purpose of the transaction.

We found no exceptions as a result of this procedure.

Reporting Packages

6. Inspect fiscal year end reporting packages submitted to the CG. Compare the Master Reporting Package Checklist to reporting packages that were submitted. Compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual. Compare responses in the Master Reporting Package Checklist and any required supplemental information to the South Carolina Enterprise Information System (SCEIS) or House prepared records.
7. In addition to the procedure above, perform the following:
 - Capital Assets Reporting Package

Agree reported amounts to House provided supporting documentation and agree amounts reported on the Non-SCEIS Agencies Only – Capital Assets Summary Form to the House's capital assets worksheet.
 - Subsequent Events Questionnaire

Compare responses and any required supplemental information to the SCEIS general ledger and House prepared records.

We found no exceptions as a result of these procedures.

Assets and Personal Property

8. Select all capital asset acquisitions and inspect supporting documentation to determine that each asset was properly capitalized in accordance with the CG's Reporting Policies and Procedures Manual.
9. Select all capital asset retirements and inspect supporting documentation to determine that each asset was approved for removal and proper documentation supports the retirement in accordance with the CG's Reporting Policies and Procedures Manual.
10. Confirm that an inventory of House property, excluding expendables, was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.

We found no exceptions as a result of these procedures.

Payroll Liabilities Reporting

11. Haphazardly select five employees and determine if reported annual leave and compensatory hours agree to leave statements. In addition, confirm the House properly reported its payroll liability to the CG.

We found no exceptions as a result of this procedure.

Status of Prior Finding

12. Through inquiry of management and inspection of supporting documentation, determine the House has taken appropriate corrective action on the finding reported during the engagement for the prior fiscal year.

We determined that the House has taken adequate corrective action on the finding reported during the engagement for the prior fiscal year.